

Message Text

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PAGE 01 BRASIL 04146 112315Z

22

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /087 W

----- 070602

R 112025Z MAY 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 5571

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 4146

E.O. 11652: N/A

TAGS: EAGR, ETRD, BR

SUBJ: BRAZILIAN INCENTIVES FOR SOYBEAN EXPORTS

FOLLOWING TELEGRAM DRAFTED BY AMCONGEN SAO PAULO, EMBASSY CONCURS.

1. TRADE SOURCES INDICATE THAT AT CURRENT EXCHANGE RATE AND WITH ICM REDUCTION, SALES COULD BE MADE AT DOLS 180-183 PER TON. CURRENT MARKET HERE DOLS 185 AGAINST CHICAGO DOLS 188. THEREFORE, EXPORTS BEING EFFECTED. ALTHOUGH COOPS WERE HOLDING BACK BEANS IN ANTICIPATION OF AN EXPECTED 3 PERCENT DEVALUATION WHICH WOULD ENABLE EXPORTERS TO PAY BETTER PRICES, RECENT STRENGTH IN CHICAGO SEEMS TO HAVE PRECLUDED ITS NECESSITY FOR SOYBEAN EXPORTS AND LOOSENED SUPPLIES. IF MARKET STAYS FIRM, FURTHER SPECIAL GOVERNMENT ACTION MIGHT NOT BE NECESSARY.

2. WELL-INFORMED SOURCE IN SAO PAULO IN CHARGE OF SOYBEAN OPERATIONS FOR A LARGE AMERICAN SOYBEAN CRUSHER AND SOMETIME EXPORTER OF SOYBEANS REPORTS THAT HE ANTICIPATES NO SURPRISES IN THE SOYBEAN FIELD FOR THE NEXT FEW WEEKS. THE MARKET ON ALL SOYBEAN COMMODITIES TURNED VERY FIRM TODAY IN BRAZIL

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PAGE 02 BRASIL 04146 112315Z

AND THE UNITED STATES. SOURCE'S COMPANY IS CONTINUING TO

ATTEMPT TO BUY BEANS. BEANS ARE NOW MOVING FREELY TO
PORTS FOR EXPORT, SOURCE STATED. HE EXPECTS GOVERNMENT
WILL BE ABLE TO REMOVE PRESENT CUT OF 3 PERCENTAGE POINTS
ON ICM EFFECTIVE JUNE 30, BECAUSE OF FIRING OF SOYBEAN
PRICES AND FURTHER DEVALUATIONS OF THE CRUZEIRO BY JUNE 30.
CRIMMINS

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Margaret P. Grafeld
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